

Conference Engrossed

State of Arizona  
House of Representatives  
Forty-sixth Legislature  
Second Regular Session  
2004

CHAPTER 341

**HOUSE BILL 2396**

AN ACT

AMENDING SECTIONS 15-448, 15-459, 15-491, 15-943.04, 15-949 AND 15-977, ARIZONA REVISED STATUTES; AMENDING SECTION 15-980, ARIZONA REVISED STATUTES, AS TRANSMITTED TO THE GOVERNOR IN SENATE BILL 1405, SECTION 5, FORTY-SIXTH LEGISLATURE, SECOND REGULAR SESSION; AMENDING SECTION 15-1021, ARIZONA REVISED STATUTES; AMENDING TITLE 42, CHAPTER 6, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 42-6210; AMENDING LAWS 2002, CHAPTER 330, SECTION 51, AS TRANSMITTED TO THE GOVERNOR IN SENATE BILL 1405, SECTION 7, FORTY-SIXTH LEGISLATURE, SECOND REGULAR SESSION; RELATING TO SCHOOL FINANCE; PROVIDING FOR CONDITIONAL ENACTMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-448, Arizona Revised Statutes, is amended to  
3 read:

4 15-448. Formation of unified school district; board membership;  
5 budget

6 A. One or more common school districts and a high school district with  
7 coterminous or overlapping boundaries may establish a unified school district  
8 pursuant to this section. Unification of a common school district and a high  
9 school district is not authorized by this section if any of the high school  
10 facilities owned by the new unified school district would not be located  
11 within its boundaries.

12 B. Formation of a unified school district shall be by resolutions  
13 approved by the governing boards of the unifying school districts and  
14 certification of approval by such governing boards to the county school  
15 superintendent of the county or counties in which such individual school  
16 districts are located. A common school district and high school district  
17 that unify pursuant to this section shall not exclude from the same  
18 unification a common school district that has overlapping boundaries with the  
19 high school district and that wishes to unify. The formation of a unified  
20 school district shall become effective on July 1 of the next fiscal year  
21 following the certification of the county school superintendent. An election  
22 shall not be required to form a unified school district pursuant to this  
23 section.

24 C. The boundaries of the unified school district shall be the  
25 boundaries of the former common school district or districts that unify. The  
26 boundaries of the common school district or districts that are not unifying  
27 remain unchanged. The county school superintendent, immediately upon receipt  
28 of the approved resolutions prescribed by subsection B of this section, shall  
29 file with the board of supervisors, the county assessor and the  
30 superintendent of public instruction a transcript of the boundaries of the  
31 unified school district. The boundaries shown in the transcript shall become  
32 the legal boundaries of the school districts on July 1 of the next fiscal  
33 year.

34 D. On formation of the unified school district, the governing board  
35 ~~shall contain~~ CONSISTS OF the members of the former school district governing  
36 boards and the members shall hold office until January 1 following the first  
37 general election after formation of the district.

38 E. Beginning ON January 1 following the first general election after  
39 formation of the unified school district, the governing board shall have five  
40 members. At the first general election after the formation of the district,  
41 members shall be elected in the following manner:

42 1. The three candidates receiving the highest, the second highest and  
43 the third highest number of votes shall be elected to four year terms.

1           2. The two candidates receiving the fourth and fifth highest number  
2 of votes shall be elected to two year terms. Thereafter all offices shall  
3 have four year terms.

4           F. The new unified school district may appoint a resident of the  
5 remaining common school district to serve as a nonvoting member of the  
6 governing board to represent the interests of the high school pupils who  
7 reside in the remaining common school district and WHO attend SCHOOL IN the  
8 unified school district.

9           G. For the first year of operation, the unified school district  
10 governing board shall prepare a consolidated budget based on the student  
11 counts from the school districts comprising the unified school district,  
12 except that for purposes of determining budget amounts and equalization  
13 assistance, the student count for the former high school district shall not  
14 include the prior year average daily membership attributable to high school  
15 pupils from a common school district that was part of the former high school  
16 district but is not part of the unified school district. The unified school  
17 district shall charge the remaining common school district tuition for these  
18 pupils as provided in subsection J of this section and shall not include such  
19 pupils for the purpose of making any adjustment for rapid decline in student  
20 count pursuant to section 15-942. The unified school district may budget for  
21 unification assistance pursuant to section 15-912.01.

22           H. The governing board of the unified school district shall prepare  
23 policies, curricula and budgets for the district. These policies shall  
24 require that:

25           1. The base compensation of each certificated teacher for the first  
26 year of operation of the new unified school district shall not be lower than  
27 the certificated teacher's base compensation for the prior year in the  
28 previously existing school districts.

29           2. The certificated teacher's years of employment in the previously  
30 existing school districts shall be included in determining the teacher's  
31 certificated years of employment in the new unified school district.

32           I. Upon formation of a unified school district any existing override  
33 authorization of the former high school district and the former common school  
34 district or districts shall continue until expiration based on the revenue  
35 control limit of the school district or districts that had override  
36 authorization prior to unification. The unified school district may request  
37 new override authorization for the budget year as provided in section 15-481  
38 based on the combined revenue control limit of the new district after  
39 unification. If the unified school district's request for override  
40 authorization is approved, it will replace any existing override for the  
41 budget year.

42           J. The unified school district shall admit high school pupils who  
43 reside in a common school district that was located within the boundaries of  
44 the former high school district. Tuition shall be paid to the unified school  
45 district by the common school district in which such pupils reside. Such

1 tuition amount shall be calculated in accordance with section 15-824, subject  
2 to the following modifications:

3 1. If the former high school district had outstanding bonded  
4 indebtedness at the time of unification, the combined tuition for the group  
5 of high school pupils who reside in each common school district shall include  
6 a debt service amount for the former high school district's outstanding  
7 bonded indebtedness that is determined as follows:

8 (a) Divide the total secondary assessed valuation of the common school  
9 district in which the group of pupils reside by the total secondary assessed  
10 valuation of the former high school district. FOR THE PURPOSES OF THIS  
11 SUBDIVISION, "SECONDARY ASSESSED VALUATION" MEANS SECONDARY ASSESSED  
12 VALUATION FOR THE TAX YEAR PRIOR TO THE YEAR WHEN THE UNIFICATION OCCURS AND  
13 INCLUDES THE VALUES USED TO DETERMINE VOLUNTARY CONTRIBUTIONS COLLECTED  
14 PURSUANT TO TITLE 9, CHAPTER 4, ARTICLE 3 AND TITLE 48, CHAPTER 1, ARTICLE 8.

15 (b) Multiply the quotient obtained in subdivision (a) of this paragraph  
16 by the unified school district's annual debt service expenditure.

17 ~~(c) For the purposes of this paragraph, "secondary assessed valuation"~~  
18 ~~means secondary assessed valuation for the tax year prior to the year when~~  
19 ~~the unification occurs and includes the values used to determine voluntary~~  
20 ~~contributions collected pursuant to title 9, chapter 4, article 3 and title~~  
21 ~~48, chapter 1, article 8.~~

22 2. The debt service portion of such tuition payments calculated  
23 pursuant to paragraph 1 of this subsection shall be used exclusively for debt  
24 service of the outstanding bonded indebtedness of the former high school  
25 district. When such indebtedness is fully extinguished, the debt service  
26 portion of a pupil's tuition shall be determined in accordance with paragraph  
27 3 of this subsection.

28 3. If the former high school district had no outstanding bonded  
29 indebtedness at the time of unification, the tuition calculation shall  
30 include the actual school district expenditures for the portion of any debt  
31 service of the unified school district that pertains to any construction or  
32 renovation of high school facilities divided by the school district's student  
33 count for the high school portion of the school district.

34 4. The unified school district shall not include in the tuition  
35 calculation any debt service that pertains to any construction or renovation  
36 of school facilities for preschool through grade eight.

37 5. Notwithstanding section 15-951, subsection H, the revenue control  
38 limit of the common school district shall include the full amount of the debt  
39 service portion of the tuition calculated pursuant to this subsection.

40 K. All assets and liabilities of the unifying school districts shall  
41 be transferred and assumed by the new unified school district. Any existing  
42 bonded indebtedness of a common school district or a high school district  
43 unifying pursuant to this section shall be assumed by the new unified school  
44 district and shall be regarded as an indebtedness of the new unified school  
45 district for the purpose of determining the debt incurring authority of the

1 district. Taxes for the payment of such bonded indebtedness shall be levied  
2 on all taxable property in the new unified school district, but nothing in  
3 this subsection shall be construed to relieve from liability to taxation for  
4 the payment of all taxable property of the former high school district if  
5 necessary to prevent a default in the payment of any bonded indebtedness of  
6 the former high school district. The residents of a common school district  
7 that does not unify shall not vote in bond or override elections of the  
8 unified school district and shall not be ~~levied~~ for ASSESSED taxes as a  
9 result of a bond or override election of the unified school district.

10 L. If the remaining common school district had authorization for an  
11 override as provided in section 15-481 or 15-482, the override authorization  
12 continues for the remaining common school district or districts in the same  
13 manner as before the formation of the unified school district.

14 M. The bonding authorization and bonding limitations continue for the  
15 remaining common school district or districts in the same manner as before  
16 the formation of the unified school district.

17 N. Nothing in this section shall be construed to relieve a school  
18 district formed pursuant to section 15-457 or 15-458 of its liability for any  
19 outstanding bonded indebtedness.

20 O. FOR SCHOOL DISTRICTS THAT BECOME UNIFIED AFTER JULY 1, 2004 AND  
21 WHERE ALL OF THE COMMON SCHOOLS WERE ELIGIBLE FOR THE SMALL SCHOOL DISTRICT  
22 WEIGHT PURSUANT TO SECTION 15-943, PARAGRAPH 1, SUBDIVISION (a) WHEN  
23 COMPUTING THEIR BASE SUPPORT LEVEL AND BASE REVENUE CONTROL LIMIT BEFORE  
24 UNIFICATION, THE UNIFIED SCHOOL DISTRICT MAY CONTINUE TO USE THE SMALL SCHOOL  
25 DISTRICT WEIGHT AS FOLLOWS:

26 1. ANNUALLY DETERMINE THE COMMON SCHOOL STUDENT COUNT AND THE WEIGHTED  
27 STUDENT COUNT PURSUANT TO SECTION 15-943, PARAGRAPH 1, SUBDIVISION (a) FOR  
28 EACH COMMON SCHOOL DISTRICT BEFORE UNIFICATION.

29 2. CALCULATE THE SUM OF THE COMMON SCHOOL DISTRICTS' STUDENT COUNTS  
30 AND WEIGHTED STUDENT COUNTS DETERMINED IN PARAGRAPH 1 OF THIS SUBSECTION.

31 3. DIVIDE THE SUM OF THE WEIGHTED STUDENT COUNTS BY THE SUM OF THE  
32 STUDENT COUNTS DETERMINED IN PARAGRAPH 2 OF THIS SUBSECTION.

33 4. THE AMOUNT DETERMINED IN PARAGRAPH 3 OF THIS SUBSECTION SHALL BE  
34 THE WEIGHT FOR THE COMMON SCHOOLS IN THE UNIFIED SCHOOL DISTRICT.

35 P. A UNIFIED SCHOOL DISTRICT MAY CALCULATE ITS REVENUE CONTROL LIMIT  
36 AND DISTRICT SUPPORT LEVEL BY USING THE PROVISIONS OF SUBSECTION O OF THIS  
37 SECTION AS FOLLOWS:

38 1. DETERMINE THE NUMBER OF INDIVIDUAL SCHOOL DISTRICTS THAT EXISTED  
39 BEFORE UNIFICATION INTO A SINGLE SCHOOL DISTRICT.

40 2. MULTIPLY THE AMOUNT DETERMINED IN PARAGRAPH 1 OF THIS SUBSECTION  
41 BY SIX HUNDRED.

42 3. MULTIPLY THE AMOUNT DETERMINED IN PARAGRAPH 2 OF THIS SUBSECTION  
43 BY 0.80.

1           4. IF THE AMOUNT DETERMINED IN PARAGRAPH 3 OF THIS SUBSECTION EXCEEDS  
2 THE STUDENT COUNT OF THE UNIFIED SCHOOL DISTRICT, THE UNIFIED SCHOOL DISTRICT  
3 IS ELIGIBLE TO USE THE PROVISIONS OF SUBSECTION O OF THIS SECTION.

4           Q. THE PROVISIONS OF SUBSECTIONS O AND P OF THIS SECTION SHALL REMAIN  
5 IN EFFECT UNTIL THE AGGREGATE STUDENT COUNT OF THE COMMON SCHOOL DISTRICTS  
6 BEFORE UNIFICATION EXCEEDS THE AGGREGATE NUMBER OF STUDENTS OF THE COMMON  
7 SCHOOL DISTRICTS BEFORE UNIFICATION AUTHORIZED TO UTILIZE THE PROVISIONS OF  
8 SECTION 15-943, PARAGRAPH 1, SUBDIVISION (a).

9           Sec. 2. Section 15-459, Arizona Revised Statutes, is amended to read:

10          15-459. Consolidation of districts; petition; election; notice;  
11               report; ballots; canvass of votes; governing board

12          A. On the request of the governing boards of two or more school  
13 districts in the same county or in adjacent counties or on receipt of  
14 petitions bearing the signatures of ten per cent or more of the number of  
15 qualified electors who voted in whichever of the last two general elections  
16 resulted in the higher number of ballots cast and who reside in each of two  
17 or more school districts in the same county or in adjacent counties to  
18 consolidate the school districts or parts of the districts, the county school  
19 superintendent of each of the counties affected shall within ten days call  
20 an election to determine the question on consolidation.

21          B. Consolidations allowed pursuant to subsection A of this section  
22 include:

23           1. To change the boundaries of a school district to include any part  
24 of an adjacent school district.

25           2. If all the common school districts within the boundaries of an  
26 existing union high school district desire to consolidate into one common  
27 school district.

28           3. If two or more adjacent school districts of like character, either  
29 common, high or unified school districts, desire to consolidate into one  
30 common, high or unified school district.

31           4. If a common school district that is not a part of a union high  
32 school district desires to consolidate with an adjacent unified school  
33 district.

34           5. If two or more common school districts desire to consolidate into  
35 one school district and unify the consolidated district with a union high  
36 school district to form one unified school district.

37          C. Notice of the election to determine consolidation of school  
38 districts shall be posted in not less than three public places in each of the  
39 school districts proposed to be consolidated at least twenty-five days before  
40 the election.

41          D. The county school superintendent shall prepare and the governing  
42 board shall distribute a report on the proposed boundary changes in a manner  
43 similar to that prescribed in section 15-481, subsection B. The report shall  
44 contain the following information:

45           1. The date of the election.

1           2. The polling places and times they are open.

2           3. A consolidation plan to include:

3           (a) The proposed boundary changes.

4           (b) The impact of the proposed boundary changes, including where  
5 pupils will attend school, changes in pupil transportation services, changes  
6 in availability of special education services, changes in pupil-teacher ratio  
7 and operational costs.

8           (c) If the provisions of subsection P of this section apply to one or  
9 more of the existing school districts, a detailed description of  
10 desegregation funding and expenses for the resulting school district as set  
11 forth in subsection P of this section.

12           (d) Any other information the county school superintendent deems  
13 appropriate to include.

14           E. Ballots shall be prepared by the county school superintendent,  
15 shall be delivered to the inspector at least forty-eight hours before the  
16 opening of the polls as prescribed in section 16-509 and shall contain:  
17 "Consolidation includes the assumption of liability by the resulting school  
18 district for all indebtedness of existing school districts or those parts of  
19 school districts proposed for consolidation. Do you support consolidation  
20 under the specified provisions of the consolidation plan? Yes ( ) No ( )."  
21 If the election is to simultaneously consolidate and unify two or more common  
22 school districts, the ballot shall contain: "Do you support the consolidation  
23 of the (insert names of common school districts) and the subsequent  
24 unification of the consolidated districts with the (insert name of union high  
25 school district) to form one unified school district under the consolidation  
26 and unification plan? Yes ( ) No ( )."

27           F. The county school superintendent shall hold the election during the  
28 fiscal year preceding the fiscal year consolidation is proposed to be  
29 effective on a date prescribed by section 16-204. The election shall be held  
30 in the manner and electors shall possess qualifications as prescribed for the  
31 election of governing board members. The results of the election shall be  
32 reported to the county school superintendent.

33           G. The county school superintendent and the chairman of the board of  
34 supervisors shall, on the seventh day after the election, canvass the vote.  
35 If a majority of the votes cast in each district favors consolidation, the  
36 districts are consolidated and become one district from and after June 30  
37 next following the election. If parts of two or more school districts are  
38 proposed to be consolidated, a majority of the voters in the part of a school  
39 district or districts not affected by the proposed consolidation and a  
40 majority of the voters in the part of the school district or districts  
41 proposed for consolidation must approve the consolidation.

42           H. If a school district provides only financing for pupils who are  
43 instructed by another school district in the same county or in an adjacent  
44 county, the school district or any part of the school district may be

1 consolidated with the school district providing the instructional program as  
2 follows:

3 1. The governing board of the financing school district approves the  
4 consolidation or ten per cent of the qualified electors residing in the  
5 school district, or that part of the school district proposed for  
6 consolidation, petitions the county school superintendent to call an election  
7 to approve the proposed consolidation.

8 2. The governing board of the school district providing instruction  
9 approves the consolidation.

10 3. At an election called by the county school superintendent of each  
11 of the counties affected, a majority of the persons voting in the school  
12 district, or that part of the school district providing financing, approves  
13 the proposed consolidation and a majority of the persons voting in the  
14 district providing instruction approves the proposed consolidation.

15 I. Elections held as provided in subsection H of this section shall  
16 be conducted in the same manner as elections prescribed in subsections C  
17 through G of this section and shall be held concurrently as prescribed in  
18 section 15-458.

19 J. If the consolidated district includes territory located in two or  
20 more counties, the county of jurisdiction is the county in which the largest  
21 number of qualified electors of the consolidated school district resides,  
22 except that if all of the existing school buildings are in one county, that  
23 county is the county of jurisdiction. The county school superintendent of  
24 the jurisdictional county shall perform all duties for and with respect to  
25 the consolidated school district as required to be performed by county school  
26 superintendents. The board of supervisors of the jurisdictional county shall  
27 perform all duties for and with respect to the consolidated school district  
28 as required to be performed by boards of supervisors, except that school  
29 district taxes to be levied on property in the portion of the consolidated  
30 school district lying in another county shall be levied by the board of  
31 supervisors of the other county or counties and on receipt shall be  
32 transferred to the county of jurisdiction. All school buildings located  
33 within the consolidated school district, together with all equipment and  
34 furnishings, become the property of the consolidated school district. Any  
35 assumed indebtedness is an indebtedness of the consolidated school district  
36 for the purpose of determining the debt incurring authority of the  
37 consolidated school district.

38 K. Sections 15-457, 15-975 and 15-997 apply to school districts which  
39 are consolidated as provided in subsection H of this section.

40 L. Consolidation pursuant to this section is not allowed if the  
41 resulting school district would have a student count for the current year of  
42 more than ten per cent of the total student count of all school districts in  
43 this state.

44 M. The governing board shall prepare policies, curricula and budgets  
45 for the new school district. These policies shall require that:



1        1. The base salary and benefits of each employee for the first year  
2 of operation of the new school district shall not be lower than the  
3 employee's base salary and benefits for the prior year in the previously  
4 existing school district.

5        2. The employee's years of employment in the previously existing  
6 school district shall be included in determining the employee's years of  
7 employment in the new school district. An employee who was entitled to  
8 continuing employment contract status in the previously existing school  
9 district is entitled to continuing employment contract status in the new  
10 school district.

11       3. Notwithstanding paragraphs 1 and 2 of this subsection and pursuant  
12 to section 15-544, nothing in this section shall be construed to restrict the  
13 ability of the governing board to implement a reduction in force or to scale  
14 back salaries of certified teachers, administrators or noncertificated  
15 employees for reasons of economy or to improve the efficient conduct of  
16 schools within the district following a school district consolidation.

17       N. If all of the districts to be consolidated have authorization for  
18 an override as provided in section 15-481 that would have continued after the  
19 consolidation, the override authorization continues for the new district and  
20 expires at the time that the earliest override would have expired.

21       O. IF ONE OR MORE, BUT NOT ALL, OF THE DISTRICTS TO BE CONSOLIDATED  
22 HAVE AUTHORIZATION FOR AN OVERRIDE AS PROVIDED IN SECTION 15-481 THAT WOULD  
23 HAVE CONTINUED AFTER THE CONSOLIDATION, THE OVERRIDE AUTHORIZATION SHALL ONLY  
24 APPLY TO THE SCHOOLS INCLUDED UNDER THE TERMS OF THE PRIOR OVERRIDE  
25 AUTHORIZATION. CONSOLIDATION OF SCHOOL DISTRICTS DOES NOT CONSOLIDATE OR  
26 POOL THE LIABILITY TO BE TAXED FOR THE OVERRIDE AND ONLY PROPERTY THAT WAS  
27 LOCATED WITHIN THE BOUNDARIES OF THE DISTRICT THAT APPROVED THE OVERRIDE  
28 PRIOR TO CONSOLIDATION ARE TO PAY TAXES TO SUPPORT THE OVERRIDE. THIS  
29 SUBSECTION ALSO APPLIES IF ALL OF THE DISTRICTS TO BE CONSOLIDATED HAVE  
30 AUTHORIZATION FOR OVERRIDES, BUT THE AUTHORIZATIONS ARE PURSUANT TO DIFFERENT  
31 SUBSECTIONS OF SECTION 15-481 OR THE OVERRIDE AMOUNTS ARE NOT THE SAME  
32 PERCENTAGE OF THE REVENUE CONTROL LIMIT.

33       ~~O.~~ P. Notwithstanding section 15-457, consolidation of school  
34 districts does not consolidate or pool the liability of the former school  
35 districts into the resulting school district. Outstanding indebtedness  
36 incurred by a school district before consolidation shall be repaid without  
37 interruption according to existing debt schedules as determined by the county  
38 board of supervisors. IF A SCHOOL DISTRICT CONSOLIDATES AFTER JULY 1, 2004,  
39 THE NEW SCHOOL DISTRICT MAY PAY TUITION TO THE DISTRICT OF ATTENDANCE WHEN  
40 A PUPIL IS PRECLUDED BY DISTANCE OR LACK OF TRANSPORTATION FROM ATTENDING  
41 SCHOOL IN THE DISTRICT OF A PUPIL'S RESIDENCE.

42       ~~P.~~ Q. If one or more of the previously existing school districts was  
43 authorized to budget for expenses of complying with or continuing to  
44 implement activities that were required or permitted by court order of  
45 desegregation or administrative agreement with the United States department

1 of education office for civil rights directed toward remediating alleged or  
2 proven racial discrimination pursuant to section 15-910, this authorization  
3 does not expire on the effective date of consolidation but only applies to  
4 schools included in the court order or administrative agreement.

5 Q. R. If one or more of the previously existing school districts was  
6 participating in a career ladder program pursuant to chapter 9, article 1.1  
7 of this title before consolidation, notwithstanding any other law the state  
8 board shall expedite the processing of and may approve an updated application  
9 for program reapproval that incorporates the geographic boundaries of the  
10 resulting school district and the inclusion of the additional staff in the  
11 career ladder program.

12 R. S. If the formation of a new consolidated and unified school  
13 district is authorized, the terms of the governing board members of the  
14 common and union high school districts do not expire on the effective date  
15 of the unification. The governing board members of the previously existing  
16 school districts shall serve as provided in section 15-430, except that the  
17 power of the governing board members of the previously existing school  
18 districts acting as the governing board of the unified school district is  
19 limited to the maintenance and operation of the previously existing school  
20 districts and compliance with the consolidation and unification plan.

21 Sec. 3. Section 15-491, Arizona Revised Statutes, is amended to read:

22 15-491. Elections on school property; exceptions

23 A. The governing board of a school district may, and upon petition of  
24 fifteen per cent of the school electors as shown by the poll list at the last  
25 preceding annual school election shall, call an election for the following  
26 purposes:

27 1. To locate or change the location of school buildings.

28 2. To purchase or sell school sites or buildings or sell school sites  
29 pursuant to section 15-342 or to build school buildings, but the  
30 authorization by vote of the school district shall not necessarily specify  
31 the site to be purchased.

32 3. To decide whether the bonds of the school district shall be issued  
33 and sold for the purpose of raising money for purchasing or leasing school  
34 lots, for building or renovating school buildings, for improving school  
35 grounds, for purchasing pupil transportation vehicles or for liquidating any  
36 indebtedness already incurred for such purposes. EXCEPT AS PROVIDED IN  
37 SECTION 15-1021, SUBSECTION H, the proceeds of class B bonds or impact aid  
38 revenue bonds shall not be used for soft capital purposes except for pupil  
39 transportation vehicles. A school district shall not issue class B bonds  
40 until the school district has obligated in contract the entire proceeds of  
41 any class A bonds issued by the school district. The total amount of class  
42 A and class B bonds issued by a school district shall not exceed the debt  
43 limitations prescribed in article IX, sections 8 and 8.1, Constitution of  
44 Arizona.

1           4. To lease for five or more years, as lessor or as lessee, school  
2 buildings or grounds. Approval by a majority of the school district electors  
3 voting authorizes the governing board to negotiate for and enter into a  
4 lease. The ballot shall list the school buildings or grounds for which a  
5 lease is sought. If the governing board does not enter into a lease of five  
6 or more years of the school buildings or grounds listed on the ballot within  
7 five years of the date of the election and the board continues to seek such  
8 a lease, the governing board shall call a special election to reauthorize the  
9 board to negotiate for and to enter into a lease of five or more years.

10           B. No petition shall be required for the holding of the first election  
11 to be held in a joint common school district for any of the purposes  
12 specified in subsection A of this section. The notice of election required  
13 by section 15-492 shall be published in each of the counties which comprise  
14 the joint common school district. The certification of election results  
15 required by section 15-493 shall be made to the board of supervisors of the  
16 jurisdictional county.

17           C. When the election is called to determine whether or not bonds of  
18 the school district shall be issued and sold for the purposes enumerated in  
19 the call for the election, the question shall be submitted to the vote of the  
20 qualified electors of the school district as defined in section 15-401 and  
21 subject to the provisions of section 15-402.

22           D. The governing board shall order the election to be held in the  
23 manner prescribed in title 35, chapter 3, article 3. If a petition for an  
24 election has been filed with the governing board as provided in subsection  
25 A of this section, the board shall act upon the petition within sixty days  
26 by ordering the election to be held as provided in this subsection. If a  
27 school district bond election is scheduled for the same date a school  
28 district will hold an override election, the governing body shall deliver a  
29 copy of the notice of election and ballot to the county school superintendent  
30 who shall include the notice of election and ballot with the information  
31 report and ballot prepared for the override election. Mailing of the  
32 information required for both the override and bond elections shall  
33 constitute compliance with the notice provisions of this section.

34           E. The elections to be held pursuant to this section shall only be  
35 held on dates prescribed by section 16-204, except that elections held  
36 pursuant to this section to decide whether class B bonds shall be issued  
37 shall only be held on the first Tuesday after the first Monday of November.

38           F. Subsection A, paragraph 2 of this section does not apply to the  
39 sale of school property if the market value of the school property is less  
40 than fifty thousand dollars.

41           G. Bond counsel fees, financial advisory fees, printing costs and  
42 paying agent and registrar fees for bonds issued pursuant to an election  
43 under this section shall be paid from either the amount authorized by the  
44 qualified electors of the school district or current operating funds. Bond  
45 election expenses shall be paid from current operating funds only.

1 H. For any election conducted to decide whether class B bonds will be  
2 issued pursuant to this section:

3 1. EXCEPT AS PROVIDED IN PARAGRAPH 2 OF THIS SUBSECTION, the ballot  
4 shall include the following statement:

5 The capital improvements that are proposed to be funded  
6 through this bond issuance are to exceed the state standards and  
7 are in addition to monies provided by the state.

8 \_\_\_\_\_ school district is proposing to issue class B  
9 general obligation bonds totaling \$\_\_\_\_\_ to fund capital  
10 improvements over and above those funded by the state. Under the  
11 students first capital funding system, \_\_\_\_\_ school district  
12 is entitled to state monies for building renewal, new  
13 construction and renovation of school buildings in accordance  
14 with state law.

15 2. FOR A SCHOOL DISTRICT THAT IS A JOINT TECHNOLOGICAL EDUCATION  
16 DISTRICT, THE BALLOT SHALL INCLUDE THE FOLLOWING STATEMENT:

17 \_\_\_\_\_, A JOINT TECHNOLOGICAL EDUCATION DISTRICT, IS  
18 PROPOSING TO ISSUE CLASS B GENERAL OBLIGATION BONDS TOTALING  
19 \$\_\_\_\_\_ TO FUND CAPITAL IMPROVEMENTS AT THE MAIN CAMPUS OF  
20 THE JOINT TECHNOLOGICAL EDUCATION DISTRICT.

21 ~~2.~~ 3. The ballot shall contain the words "bond approval, yes" and  
22 "bond approval, no", and the voter shall signify the voter's desired choice.

23 ~~3.~~ 4. At least eighty-five days before the election, ~~a~~ THE school  
24 district shall submit proposed ballot language to the director of the Arizona  
25 legislative council. The director of the Arizona legislative council shall  
26 review the proposed ballot language to determine whether the proposed ballot  
27 language complies with this section. If the director of the Arizona  
28 legislative council determines that the proposed ballot language does not  
29 comply with this section, the director, within ten calendar days of the  
30 receipt of the proposed ballot language, shall notify the school district of  
31 the director's objections and the school district shall resubmit revised  
32 ballot language to the director for approval.

33 ~~4.~~ 5. No later than ten days before a class B bond election conducted  
34 pursuant to this section, ~~a~~ THE school district shall mail to each qualified  
35 elector in the school district a publicity pamphlet. The publicity pamphlet  
36 shall contain, at a minimum, the following information:

37 (a) An executive summary of the school district's most recent capital  
38 plan submitted to the school facilities board.

39 (b) A complete list of each proposed capital improvement that will be  
40 funded with the proceeds of the bonds and a description of the proposed cost  
41 of each improvement, including a separate aggregation of capital improvements  
42 for administrative purposes as defined by the school facilities board.

43 (c) The tax rate associated with each of the proposed capital  
44 improvements and the estimated cost of each capital improvement for the owner  
45 of a single family home that is valued at one hundred thousand dollars.

1 I. For any election conducted to decide whether impact aid revenue  
2 bonds shall be issued pursuant to this section:

3 1. The ballot shall include the following statement:

4 The capital improvements that are proposed to be funded  
5 through this bond issuance are to exceed the state standards and  
6 are in addition to monies provided by the state.

7 \_\_\_\_\_ school district is proposing to issue impact  
8 aid revenue bonds totaling \$\_\_\_\_\_ to fund capital  
9 improvements over and above those funded by the state. Under  
10 the students first capital funding system, \_\_\_\_\_ school  
11 district is entitled to state monies for building renewal, new  
12 construction and renovation of school buildings in accordance  
13 with state law.

14 2. The ballot shall contain the words "bond approval, yes" and "bond  
15 approval, no", and the voter shall signify the voter's desired choice.

16 3. At least eighty-five days before the election, ~~a~~ THE school  
17 district shall submit proposed ballot language to the director of the  
18 legislative council. The director of the legislative council shall review  
19 the proposed ballot language to determine whether the proposed ballot  
20 language complies with this section. If the director of the legislative  
21 council determines that the proposed ballot language does not comply with  
22 this section, the director, within ten calendar days of the receipt of the  
23 proposed ballot language, shall notify the school district of the director's  
24 objections and the school district shall resubmit revised ballot language to  
25 the director for approval.

26 4. No later than ten days before an impact aid revenue bond election  
27 conducted pursuant to this section, ~~a~~ THE school district shall mail to each  
28 qualified elector in the school district a publicity pamphlet. The publicity  
29 pamphlet shall contain, at a minimum, the following information:

30 (a) An executive summary of the school district's most recent capital  
31 plan submitted to the school facilities board.

32 (b) A complete list of each proposed capital improvement that will be  
33 funded with the proceeds of the bonds and a description of the proposed cost  
34 of each improvement, including a separate aggregation of capital improvements  
35 for administrative purposes as defined by the school facilities board.

36 (c) A statement that impact aid revenue bonds will be fully funded by  
37 aid that the school district receives from the federal government and do not  
38 require a levy of taxes in the district.

39 (d) A statement that if the bonds are approved the first priority for  
40 the impact aid will be to pay the debt service for the bonds and that other  
41 uses of the monies are prohibited until the debt service obligation is met.

42 (e) A statement that if the impact aid revenue bonds are approved, the  
43 school district shall not issue or sell class B bonds while the district has  
44 existing indebtedness from impact aid revenue bonds, except for bonds issued  
45 to refund any bonds issued by the board.

1 J. If the voters approve the issuance of school district class B bonds  
2 or impact aid revenue bonds, the school district shall not use the bond  
3 proceeds for any purposes other than the proposed capital improvements listed  
4 in the publicity pamphlet, except that up to ten per cent of the bond  
5 proceeds may be used for general capital expenses, including cost overruns  
6 of proposed capital improvements.

7 K. Each school district that issues bonds under this section is  
8 required to hold a public meeting each year between September 1 and October  
9 31, until the bond proceeds are spent, at which an update of the progress of  
10 capital improvements financed through bonding is discussed and at which the  
11 public is permitted an opportunity to comment. At a minimum, the update  
12 shall include a comparison of the current status and the original projections  
13 on the construction of capital improvements, the costs of capital  
14 improvements and the costs of capital improvements in progress or completed  
15 since the prior meeting and the future capital bonding plans of the school  
16 district. The school district shall include in the public meeting a  
17 discussion of the school district's use of state capital aid and  
18 voter-approved capital overrides in funding capital improvements, if any.

19 Sec. 4. Section 15-943.04, Arizona Revised Statutes, is amended to  
20 read:

21 15-943.04. English learner classroom personnel bonus fund;  
22 payment of English language classroom personnel  
23 bonuses

24 The English learner classroom personnel bonus fund is established  
25 consisting of monies appropriated for this purpose. The department of  
26 education shall administer the fund. Monies in the fund are continuously  
27 appropriated. APPLICATIONS FROM SCHOOL DISTRICTS AND CHARTER SCHOOLS FOR  
28 MONIES FROM THE FUND SHALL BE SUBMITTED BY FEBRUARY 28 OF EACH YEAR. The  
29 department of education shall distribute monies in the fund to school  
30 districts and charter schools in the amount of EQUAL AMOUNTS NOT TO EXCEED  
31 two hundred fifty dollars for every English learner, as defined in section  
32 15-751, who was instructed in an English learner program in the past academic  
33 year, who achieved English proficiency and who exited the English learner  
34 program. School districts and charter schools shall use the monies  
35 distributed pursuant to this section to pay bonuses directly to classroom  
36 personnel, excluding principals and administrators, who are involved in  
37 English learner programs. A school district or charter school shall not  
38 receive more than one distribution from the English learner classroom  
39 personnel bonus fund for the same pupil.

40 Sec. 5. Section 15-949, Arizona Revised Statutes, is amended to read:

41 15-949. Small school districts; exemption from general budget  
42 limit; budget revision

43 A. The governing board of a common school district with a student  
44 count in kindergarten programs and grades one through eight of one hundred  
45 twenty-five or less, the governing board of a high school district with a

1 student count of one hundred or less or the governing board of a unified  
2 school district or the county school superintendent for an accommodation  
3 school with a student count of one hundred twenty-five or less in  
4 kindergarten programs and grades one through eight or with a student count  
5 of one hundred or less in grades nine through twelve shall compute a revenue  
6 control limit and a general budget limit, but the governing board or the  
7 county school superintendent may:

8 1. Adopt a budget in excess of the general budget limit without the  
9 necessity of an election under section 15-481, provided that for a unified  
10 school district or for an accommodation school the excess amount of  
11 expenditures shall be attributable to the student count in kindergarten  
12 programs and grades one through eight or to the student count in grades nine  
13 through twelve as provided in this subsection.

14 2. Revise its budget to include the costs for additional pupils who  
15 were not anticipated when the budget was adopted, if it receives permission  
16 as follows:

17 (a) If a governing board:

18 (i) The governing board shall send a petition to the county school  
19 superintendent requesting authority to revise its budget. The petition shall  
20 include a copy of the proposed budget.

21 (ii) The county school superintendent shall recommend the action to  
22 be taken on the petition and forward the recommendation and the petition to  
23 the board of supervisors.

24 (iii) The board of supervisors shall hold a hearing on the petition  
25 within twenty days after receipt of the petition and shall determine whether  
26 to allow the petition, allow the petition after revision or deny the  
27 petition.

28 (b) If a county school superintendent, the county school  
29 superintendent shall send the revised budget to the board of supervisors, and  
30 the board of supervisors shall hold a hearing on the recommendation within  
31 twenty days after receipt of the recommendation and shall determine whether  
32 to allow the revised budget, allow the revised budget after further revision  
33 or deny the revision.

34 B. If the board of supervisors revises or denies the petition or  
35 recommendation presented pursuant to subsection A, paragraph 2, subdivision  
36 (a), item (iii) or subdivision (b) of this section the reasons for revision  
37 or denial shall be stated in writing.

38 C. School districts that in any year after fiscal year 1984-1985 but  
39 before fiscal year 1999-2000 have operated under the provisions of the small  
40 school adjustment as provided for in subsection A of this section and that  
41 have subsequently exceeded the student count limits expressed in subsection  
42 A of this section may continue in successive years to adopt a budget greater  
43 than the general budget limit without the necessity of an election under  
44 section 15-481, except that the amount greater than the general budget limit  
45 shall not exceed fifty thousand dollars. The amount that is adopted without

1 the use of an election under section 15-481 and that is greater than the  
2 general budget limit is specifically exempt from the revenue control limit.

3 D. School districts that in any year after fiscal year 1998-1999 have  
4 operated under the provisions of the small school adjustment as provided in  
5 subsection A of this section and that have subsequently exceeded the student  
6 count limits prescribed in subsection A of this section may continue in  
7 successive years to adopt a budget greater than the general budget limit  
8 subject to an election, except that the amount that is greater than the  
9 general budget limit shall not exceed the amount that is prescribed in this  
10 subsection. The amount that is adopted pursuant to this subsection is  
11 specifically exempt from the revenue control limit and shall be funded by a  
12 levy on secondary property taxes in the school district. The maximum amount  
13 that may be adopted pursuant to this subsection is computed as follows:

14 1. For a unified school district, separate the revenue control limit  
15 into elementary and secondary components based on the weighted student count  
16 as provided in section 15-971, subsection B, paragraph 2, subdivision (a).  
17 Use the elementary component of the revenue control limit for the purposes  
18 of paragraph 2 of this subsection and the secondary component of the revenue  
19 control limit for the purposes of paragraph 3 of this subsection.

20 2. For a common or unified district that used the provisions of  
21 subsection A of this section based on its elementary student count, the  
22 amount is determined as follows:

23 (a) Subtract one hundred twenty-five from the elementary student  
24 count.

25 (b) Multiply the difference in subdivision (a) of this paragraph by  
26 0.45 per cent.

27 (c) Subtract the product determined in subdivision (b) of this  
28 paragraph from thirty-five per cent. If the result is zero or less than  
29 zero, the district is not eligible to use the provisions of this paragraph.

30 (d) Multiply the difference determined in subdivision (c) of this  
31 paragraph by the elementary revenue control limit.

32 3. For a high school or unified district that used the provisions of  
33 subsection A of this section based on its secondary student count, the amount  
34 is determined as follows:

35 (a) Subtract one hundred from the secondary student count.

36 (b) Multiply the difference in subdivision (a) of this paragraph by  
37 0.65 per cent.

38 (c) Subtract the product determined in subdivision (b) of this  
39 paragraph from sixty-five per cent. If the result is zero or less than zero,  
40 the district is not eligible to use the provisions of this paragraph.

41 (d) Multiply the difference determined in subdivision (c) of this  
42 paragraph by the secondary revenue control limit.

43 4. For a unified school district that used the provisions of  
44 subsection A of this section for both its elementary and secondary pupils,  
45 combine the amounts determined in paragraphs 2 and 3 of this subsection.



1 E. For the purposes of subsection D of this section:

2 1. "Elementary" means kindergarten programs and grades one through  
3 eight.

4 2. "Secondary" means grades nine through twelve.

5 F. The part of the primary tax rate set to fund the small school  
6 district adjustment as provided in subsection D of this section shall not be  
7 included in the computation of additional state aid for education as  
8 prescribed in section 15-972.

9 G. The election required pursuant to subsection D of this section  
10 shall conform to the procedural requirements for calling the election,  
11 preparing the informational report and preparing the ballot as prescribed in  
12 section 15-481, subsections A, B, C and D. The maximum number of years that  
13 a budget override approved pursuant to subsection D of this section may be  
14 in effect is five years.

15 H. If the proposed budget override will be fully funded by a levy of  
16 taxes on the taxable property within the school district, the ballot shall  
17 contain the words "budget override, yes" and "budget override, no", and the  
18 voter shall signify the voter's desired choice. The ballot shall also  
19 contain the amount of the proposed budget override compared to the amount the  
20 school district budgeted in the preceding year and the amount the school  
21 district would be allowed to budget for if the measure is not approved by the  
22 voters. The statement will also include the estimated amount of the override  
23 for each year the override is sought. The ballot shall also include the  
24 following statement:

25 The budget override authorized by this election allows the  
26 \_\_\_\_\_ district to levy property taxes in excess of the  
27 property tax levy allowed by law to fund the school district's  
28 revenue control limit. The property tax levy for the year for  
29 which adopted and for \_\_\_\_ subsequent years, will be annually  
30 adjusted based on a formula that authorizes the \_\_\_\_\_  
31 district to exceed the revenue control limit by up to  
32 thirty-five per cent for kindergarten programs and grades one  
33 through eight or up to sixty-five per cent for grades nine  
34 through twelve. The levy shall not be realized from monies  
35 furnished by the state and shall not be subject to the  
36 limitation on taxes specified in article IX, section 18,  
37 Constitution of Arizona. Based on an estimate of assessed  
38 valuation used for secondary property tax purposes, the proposed  
39 override in the \_\_\_\_\_ district's budget over that  
40 allowed by the revenue control limit would result in an  
41 estimated increase in the school district's tax rate of  
42 \_\_\_\_\_ dollars per one hundred dollars of assessed  
43 valuation for the secondary property tax purposes.

1 I. If the budget override will be fully funded by revenues from other  
2 than a levy of taxes on the taxable property within the school district, the  
3 ballot shall contain the words "budget override, yes" and "budget override,  
4 no", and the voter shall signify the voter's desired choice. The ballot  
5 shall also contain the amount of the proposed budget override compared to the  
6 amount the school district budgeted in the preceding year and the amount the  
7 school district would be allowed to budget for if the measure is not approved  
8 by the voters. The statement shall also include the estimated amount of the  
9 override for each year the override is sought. The ballot shall also include  
10 the following statement:

11 Any budget override authorized by this election shall be  
12 entirely funded by this school district with revenues from other  
13 than a levy of taxes on the taxable property within the school  
14 district for the year for which adopted and for \_\_\_\_\_  
15 subsequent years and shall not be realized from monies furnished  
16 by the state.

17 J. FOR THE PURPOSES OF SUBSECTIONS H AND I OF THIS SECTION, LEVY OF  
18 TAXES ON THE TAXABLE PROPERTY DOES NOT INCLUDE A LEVY OF THE GOVERNMENT  
19 PROPERTY LEASE OR PARK PROPERTY LEASE EXCISE TAXES ASSESSED PURSUANT TO TITLE  
20 42, CHAPTER 6, ARTICLE 5.

21 Sec. 6. Section 15-977, Arizona Revised Statutes, is amended to read:

22 15-977. Classroom site fund; definitions

23 A. The classroom site fund is established consisting of monies  
24 transferred to the fund pursuant to section 37-521, subsection B and section  
25 42-5029, subsection E, paragraph 10. The department of education shall  
26 administer the fund. School districts and charter schools may not supplant  
27 existing school site funding with revenues from the fund. All monies  
28 distributed from the fund are intended for use at the school site. Each  
29 school district or charter school shall allocate forty per cent of the monies  
30 for teacher compensation increases based on performance and employment  
31 related expenses, twenty per cent of the monies for teacher base salary  
32 increases and employment related expenses and forty per cent of the monies  
33 for maintenance and operation purposes as prescribed in subsection C of this  
34 section. Teacher compensation increases based on performance or teacher base  
35 salary increases distributed pursuant to this subsection shall supplement,  
36 and not supplant, teacher compensation monies from any other sources. The  
37 school district or charter school shall notify each school principal of the  
38 amount available to the school by April 15. The district or charter school  
39 shall request from the school's principal each school's priority for the  
40 allocation of the funds available to the school for each program listed under  
41 subsection C of this section. The amount budgeted by the school district or  
42 charter school pursuant to this section shall not be included in the  
43 allowable budget balance carryforward calculated pursuant to section  
44 15-943.01.

1           B. Monies in the fund are continuously appropriated, are exempt from  
2 the provisions of section 35-190 relating to lapsing of appropriations and  
3 shall be distributed as follows:

4           1. By March 30 of each year the staff of the joint legislative budget  
5 committee shall determine a per pupil amount from the fund for the budget  
6 year using the estimated statewide weighted count for the current year  
7 pursuant to section 15-943, paragraph 2, subdivision (a) and based on  
8 estimated available resources in the classroom site fund for the budget year.

9           2. The allocation to each charter school and school district for a  
10 fiscal year shall equal the per pupil amount established in paragraph 1 of  
11 this subsection for the fiscal year multiplied by the weighted student count  
12 for the school district or charter school for the fiscal year pursuant to  
13 section 15-943, paragraph 2, subdivision (a). For the purposes of this  
14 paragraph, the weighted student count for a school district that serves as  
15 the district of attendance for nonresident pupils shall be increased to  
16 include nonresident pupils who attend school in the school district.

17           C. Monies distributed from the classroom site fund shall be spent for  
18 the following maintenance and operation purposes:

- 19           1. Class size reduction.
- 20           2. Teacher compensation increases.
- 21           3. AIMS intervention programs.
- 22           4. Teacher development.
- 23           5. Dropout prevention programs.
- 24           6. Teacher liability insurance premiums.

25           D. The district governing board or charter school shall allocate the  
26 classroom site fund monies to include, wherever possible, the priorities  
27 identified by the principals of the schools while assuring that the funds  
28 maximize classroom opportunities and conform to the authorized expenditures  
29 identified in subsection A of this section.

30           E. School districts and charter schools that receive monies from the  
31 classroom site fund shall submit a report by November 15 of each year to the  
32 superintendent of public instruction on a per school basis that provides an  
33 accounting of the expenditures of monies distributed from the fund during the  
34 previous fiscal year and a summary of the results of district and school  
35 programs funded with monies distributed from the fund. The department of  
36 education in conjunction with the auditor general shall prescribe the format  
37 of the report under this subsection.

38           F. School districts and charter schools that receive monies from the  
39 classroom site fund shall receive these monies monthly in an amount not to  
40 exceed one-twelfth of the monies estimated pursuant to subsection B of this  
41 section, except that if there are insufficient monies in the fund that month  
42 to make payments, the distribution for that month shall be prorated for each  
43 school district or charter school. The department of education may make an  
44 additional payment in the current month for any prior month or months in  
45 which school districts or charter schools received a prorated payment if

1 there are sufficient monies in the fund that month for the additional  
2 payments. The state is not required to make payments to a school district  
3 or charter school classroom site fund if the state classroom site fund  
4 revenue collections are insufficient to meet the estimated allocations to  
5 school districts and charter schools pursuant to subsection B of this  
6 section.

7 ~~G. The Arizona state schools for the deaf and the blind and~~ The state  
8 education system for committed youth shall receive monies from the classroom  
9 site fund in the same manner as school districts and charter schools. THE  
10 ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND SHALL RECEIVE MONIES FROM  
11 THE CLASSROOM SITE FUND IN AN AMOUNT THAT CORRESPONDS TO THE WEIGHTED STUDENT  
12 COUNT FOR THE CURRENT YEAR PURSUANT TO SECTION 15-943, PARAGRAPH 2,  
13 SUBDIVISION (b) FOR EACH PUPIL ENROLLED IN THE ARIZONA STATE SCHOOLS FOR THE  
14 DEAF AND THE BLIND. EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, the  
15 Arizona state schools for the deaf and the blind and the state education  
16 system for committed youth are subject to this section in the same manner as  
17 school districts and charter schools.

18 H. Each school district and charter school, INCLUDING SCHOOL DISTRICTS  
19 THAT UNIFY PURSUANT TO SECTION 15-448 OR CONSOLIDATE PURSUANT TO SECTION  
20 15-459, shall establish a local level classroom site fund to receive  
21 allocations from the state level classroom site fund. The local level  
22 classroom site fund shall be a budgetary controlled account. Interest charges  
23 for any registered warrants for the local level classroom site fund shall be  
24 a charge against the local level classroom site fund. Interest earned on  
25 monies in the local level classroom site fund shall be added to the local  
26 level classroom site fund as provided in section 15-978. In no event shall  
27 this state be required to make payments to a school district or charter  
28 school local level classroom site fund that are in addition to monies  
29 transferred to the state level classroom site fund pursuant to section  
30 37-521, subsection B and section 42-5029, subsection E, paragraph 10.

31 I. Monies distributed from the classroom site fund for class size  
32 reduction, AIMS intervention and dropout prevention programs shall only be  
33 used for instructional purposes in the instruction function as defined in the  
34 uniform system of financial records except that monies shall not be used for  
35 school sponsored athletics.

36 J. For the purposes of this section:

37 1. "AIMS intervention" means summer programs, after school programs,  
38 before school programs or tutoring programs that are specifically designed  
39 to ensure that pupils meet the Arizona academic standards as measured by the  
40 Arizona instrument to measure standards test prescribed by section 15-741.

41 2. "Class size reduction" means any maintenance and operations  
42 expenditure that is designed to reduce the ratio of pupils to classroom  
43 teachers, including the use of persons who serve as aides to classroom  
44 teachers.

1       Sec. 7. Section 15-980, Arizona Revised Statutes, as added by senate  
2 bill 1405, section 5, forth-sixth legislature, second regular session and as  
3 transmitted to the governor, is amended to read:

4       15-980. Uncollected property tax; supplemental state aid

5       A. If a county treasurer certifies to a school district ~~as of~~ AFTER  
6 January 1 that, in the treasurer's reasonable belief, more than thirty TWENTY  
7 per cent of the primary property tax revenues that the school district is  
8 entitled by law to receive pursuant to section 42-18052 will not be remitted  
9 to the district due to property tax delinquencies, the district is eligible  
10 for supplemental state aid pursuant to this section.

11       B. On receiving a certificate pursuant to subsection A of this  
12 section, the school district may apply to the department of education for  
13 supplemental state aid. The application shall include the county treasurer's  
14 certified estimate of the total amount of uncollected primary property taxes  
15 for the school district for the tax year payable in the current fiscal year.

16       C. Within forty-five days after receiving a complete and correct  
17 application, the state board of education shall pay to the school district  
18 from amounts appropriated for state aid the amount determined in subsection  
19 B of this section. The department of education shall notify the county  
20 treasurer and the county school superintendent of the amount and the date of  
21 the payment of the supplemental state aid. Supplemental state aid paid under  
22 this section shall be excluded from the calculation made pursuant to section  
23 15-973, subsection C.

24       D. The superintendent of a school district that receives supplemental  
25 state aid shall report to the department of education between May 5 and May  
26 25 the actual amount of primary property taxes that were not collected and  
27 remitted to the district during the current fiscal year, based on information  
28 from the county treasurer. If the amount of supplemental state aid paid  
29 pursuant to subsection C of this section exceeds the actual amount of the  
30 uncollected primary property taxes that the district is entitled to receive,  
31 the state board of education shall deduct the difference between the amount  
32 of supplemental state aid paid and the amount of the uncollected primary  
33 property taxes from the June 15 and, if necessary, subsequent apportionments  
34 of state aid pursuant to section 15-973, subsection B.

35       E. Beginning on June 1 after the payment of supplemental state aid,  
36 the county school superintendent shall report quarterly to the department of  
37 education the amount of any payments of delinquent primary property taxes  
38 received by the district during the previous quarter with respect to a tax  
39 year for which the supplemental state aid was paid AND NOT PREVIOUSLY  
40 DEDUCTED FROM STATE AID PURSUANT TO SUBSECTION D OF THIS SECTION. The  
41 department shall deduct the amount reported from the next apportionment of  
42 state aid to the district pursuant to section 15-973, subsection B UNTIL THE  
43 SUPPLEMENTAL STATE AID IS REPAYED. If the district does not receive any  
44 apportionment pursuant to section 15-973, subsection B, the department shall

1 direct the school district superintendent to pay that amount to the state  
2 treasurer for deposit in the state general fund.

3 Sec. 8. Section 15-1021, Arizona Revised Statutes, is amended to read:

4 15-1021. Limitation on bonded indebtedness; limitation on  
5 authorization and issuance of bonds

6 A. Until December 31, 1999, a school district may issue class A bonds  
7 for the purposes specified in this section and chapter 4, article 5 of this  
8 title to an amount in the aggregate, including the existing indebtedness, not  
9 exceeding fifteen per cent of the taxable property used for secondary  
10 property tax purposes, as determined pursuant to title 42, chapter 15,  
11 article 1, within a school district as ascertained by the last property tax  
12 assessment previous to issuing the bonds.

13 B. From and after December 31, 1998, a school district may issue class  
14 B bonds for the purposes specified in this section and chapter 4, article 5  
15 of this title to an amount in the aggregate, including the existing class B  
16 indebtedness, not exceeding five per cent of the taxable property used for  
17 secondary property tax purposes, as determined pursuant to title 42, chapter  
18 15, article 1, within a school district as ascertained by the last assessment  
19 of state and county taxes previous to issuing the bonds, or one thousand five  
20 hundred dollars per student count as determined pursuant to section 15-902,  
21 whichever amount is greater. A school district shall not issue class B bonds  
22 until the proceeds of any class A bonds issued by the school district have  
23 been obligated in contract. The total amount of class A and class B bonds  
24 issued by a school district shall not exceed the debt limitations prescribed  
25 in article IX, section 8, Constitution of Arizona.

26 C. Until December 31, 1999, a unified school district, as defined  
27 under article IX, section 8.1, Constitution of Arizona, may issue class A  
28 bonds for the purposes specified in this section and chapter 4, article 5 of  
29 this title to an amount in the aggregate, including the existing  
30 indebtedness, not exceeding thirty per cent of the taxable property used for  
31 secondary property tax purposes, as determined pursuant to title 42, chapter  
32 15, article 1, within a unified school district as ascertained by the last  
33 property tax assessment previous to issuing the bonds.

34 D. From and after December 31, 1998, a unified school district, as  
35 defined under article IX, section 8.1, Constitution of Arizona, may issue  
36 class B bonds for the purposes specified in this section and chapter 4,  
37 article 5 of this title to an amount in the aggregate, including the existing  
38 class B indebtedness, not exceeding ten per cent of the taxable property used  
39 for secondary tax purposes, as determined pursuant to title 42, chapter 15,  
40 article 1, within a school district as ascertained by the last assessment of  
41 state and county taxes previous to issuing the bonds, or one thousand five  
42 hundred dollars per student count as determined pursuant to section 15-902,  
43 whichever amount is greater. A unified school district shall not issue class  
44 B bonds until the proceeds of any class A bonds issued by the unified school  
45 district have been obligated in contract. The total amount of class A and

1 class B bonds issued by a unified school district shall not exceed the debt  
2 limitations prescribed in article IX, section 8.1, Constitution of Arizona.

3 E. No bonds authorized to be issued by an election held after July 1,  
4 1980 may be issued more than six years after the date of the election, except  
5 that class A bonds shall not be issued after December 31, 1999.

6 F. Class A bond proceeds shall not be expended for items whose useful  
7 life is less than the average life of the bonds issued, except that bond  
8 proceeds shall not be expended for items whose useful life is less than five  
9 years.

10 G. EXCEPT AS PROVIDED IN SUBSECTION H OF THIS SECTION, class B bond  
11 proceeds shall not be expended for soft capital items, computer hardware, or  
12 other items whose useful life is less than the average useful life of the  
13 bonds issued, except that bond proceeds shall not be expended for items whose  
14 useful life is less than five years. For the purposes of this subsection,  
15 "computer hardware" means an electronic device with an integrated circuit  
16 that performs logic, arithmetic or memory functions by the manipulations of  
17 electronic or magnetic impulses and includes all input, output, processing,  
18 storage, software or communication facilities that are connected or related  
19 to such a device in a system or network.

20 H. CLASS B BOND PROCEEDS FOR A NEW FACILITY AT THE MAIN CAMPUS OF A  
21 JOINT TECHNOLOGICAL EDUCATION DISTRICT MAY BE EXPENDED FOR SOFT CAPITAL  
22 ITEMS, COMPUTER HARDWARE, FURNITURE OR OTHER EQUIPMENT, EXCEPT THAT NO BONDS  
23 MAY BE ISSUED FOR THESE PURPOSES FOR A DURATION OF MORE THAN FIVE YEARS. THE  
24 TOTAL AMOUNT OF BONDS THAT A JOINT TECHNOLOGICAL EDUCATION DISTRICT MAY ISSUE  
25 PURSUANT TO THIS SUBSECTION SHALL NOT EXCEED THIRTY PER CENT OF THE COST OF  
26 THE NEW SCHOOL FACILITY, INCLUDING MONIES RECEIVED FOR THE NEW SCHOOL  
27 FACILITY PURSUANT TO THIS SECTION.

28 ~~H.~~ I. Notwithstanding subsections F and G of this section, bond  
29 proceeds may be expended for purchasing pupil transportation vehicles.

30 ~~I.~~ J. A school district shall not authorize, issue or sell bonds  
31 pursuant to this section if the school district has any existing indebtedness  
32 from impact aid revenue bonds pursuant to chapter 16, article 8 of this  
33 title, except for bonds issued to refund any bonds issued by the governing  
34 board.

35 Sec. 9. Title 42, chapter 6, article 5, Arizona Revised Statutes, is  
36 amended by adding section 42-6210, to read:

37 42-6210. Park property lease excise tax

38 A. A COUNTY SHALL LEVY AND COLLECT AN ANNUAL EXCISE TAX ON EACH PRIME  
39 LESSEE OF A LEASE WITH THE NATIONAL PARK SERVICE OF THE UNITED STATES  
40 DEPARTMENT OF THE INTERIOR OF A PROPERTY IMPROVEMENT LOCATED IN THE COUNTY.

41 B. THE TAX PRESCRIBED BY THIS SECTION SHALL BE ASSESSED, COLLECTED AND  
42 DISTRIBUTED IN THE SAME MANNER AS PRESCRIBED IN THIS ARTICLE FOR THE  
43 GOVERNMENT PROPERTY LEASE EXCISE TAX, EXCEPT THAT:

44 1. SECTION 42-6206 DOES NOT APPLY TO A LEASE WITH THE NATIONAL PARK  
45 SERVICE.

1           2. THE TAX RATE SHALL NOT BE LESS THAN TWENTY PER CENT OF THE TAX RATE  
2 PRESCRIBED IN SECTION 42-6203, SUBSECTION A.

3           Sec. 10. Laws 2002, chapter 330, section 51, as amended by senate bill  
4 1405, section 7, forty-sixth legislature, second regular session and as  
5 transmitted to the governor, is amended to read:

6           Sec. 51. Temporary prohibition on joining or forming joint  
7 technological education districts

8           A. Notwithstanding sections 15-392 and 15-395, Arizona Revised  
9 Statutes, school districts shall not be allowed to:

10           1. Form any new joint technological education district between  
11 November 30, 2002 and June 30, 2005, unless both of the following  
12 requirements are met:

13           (a) At least two school district governing boards voted to participate  
14 as part of the joint technological education district before February 1,  
15 2002.

16           (b) The joint technological education district is approved by the  
17 voters before November 30, 2002.

18           2. Join a joint technological education district between the effective  
19 date of this act and June 30, 2005, unless the school district shares a  
20 border with a school district that currently belongs to the joint district  
21 or, if the school district does not share a border with a school district  
22 that currently belongs to the joint district, the governing board of the  
23 school district voted to become part of the joint technological education  
24 district at a public meeting before March 7, 2002 and the joinder is approved  
25 by the voters before November 30, 2002. The election requirements prescribed  
26 in sections 15-392 and 15-395, Arizona Revised Statutes, apply to any  
27 joinders entered into pursuant to this paragraph.

28           B. FOR FISCAL YEAR 2004-2005, BASIC STATE AID FUNDING TO a new joint  
29 technological education district formed pursuant to subsection A, paragraph  
30 1 of this section shall be limited to ~~four hundred fifty average daily~~  
31 ~~membership students through fiscal year 2004-2005~~ NO MORE THAN THE AMOUNT OF  
32 BASIC STATE AID FUNDING THAT THE DISTRICT RECEIVED IN FISCAL YEAR 2003-2004.

33           Sec. 11. Hayden-Winkelman school district; repayment of  
34 lease-purchase agreements and warrants

35           Nothing in senate bill 1405, section 17, forty-sixth legislature,  
36 second regular session, as transmitted to the governor, shall be construed  
37 to prohibit the Hayden-Winkelman unified school district no. 41 from entering  
38 into lease-purchase agreements or from registering warrants if the agreements  
39 and warrants are repaid through the general operating revenues of the  
40 district.

41           Sec. 12. Retroactivity

42           Sections 15-491 and 15-1021, Arizona Revised Statutes, as amended by  
43 this act, apply retroactively to from and after May 14, 2004.



1       Sec. 13. Conditional enactment

2       A. Section 15-980, Arizona Revised Statutes, as amended by this act,  
3 is not effective unless section 15-980, Arizona Revised Statutes, as added  
4 by senate bill 1405, section 5, forty-sixth legislature, second regular  
5 session, and as transmitted to the governor becomes law.

6       B. Section 10 of this act, relating to a temporary prohibition on  
7 joining or forming joint technological education districts, is not effective  
8 unless senate bill 1405, section 7, forty-sixth legislature, second regular  
9 session, as transmitted to the governor, becomes law.

10       C. Section 11 of this act is not effective unless senate bill 1405,  
11 section 17, forty-sixth legislature, second regular session, relating to the  
12 Hayden-Winkelman school district appropriation becomes law.

APPROVED BY THE GOVERNOR JUNE 7, 2004.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 7, 2004.

Passed the House February 23, 2004

by the following vote: 52 Ayes,

0 Nays, 8 Not Voting

Jake Flake  
Speaker of the House

Norman L. Fyfe  
Chief Clerk of the House

Passed the Senate May 25, 2004

by the following vote: 29 Ayes,

0 Nays, 1 Not Voting

Ken Blumenthal  
President of the Senate

Charmaine Bellington  
Secretary of the Senate

~~EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR~~

~~This Bill was received by the Governor this~~

~~\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,~~

~~at \_\_\_\_\_ o'clock \_\_\_\_\_ M.~~

~~\_\_\_\_\_  
Secretary to the Governor~~

~~Approved this \_\_\_\_\_ day of~~

~~\_\_\_\_\_, 20\_\_\_\_,~~

~~at \_\_\_\_\_ o'clock \_\_\_\_\_ M.~~

~~\_\_\_\_\_  
Governor of Arizona~~

H.B. 2396

~~EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE~~

~~This Bill was received by the Secretary of State~~

~~this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,~~

~~at \_\_\_\_\_ o'clock \_\_\_\_\_ M.~~

~~\_\_\_\_\_  
Secretary of State~~

HOUSE FINAL PASSAGE  
as per Joint Conference

Passed the House May 26, 2004,

by the following vote: 46 Ayes,

10 Nays, 4 Not Voting

Mike Iliak  
Speaker of the House

Norman L. Moore  
Chief Clerk of the House

SENATE FINAL PASSAGE  
as per Joint Conference

Passed the Senate May 26, 2004,

by the following vote: 24 Ayes,

2 Nays, 4 Not Voting

John Bennett  
President of the Senate

Charmine Billington  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor

this 27<sup>th</sup> day of May, 2004,

at 8:35 o'clock a. M.

Jennifer Ybarra  
Secretary to the Governor

Approved this 7 day of

June, 2004,

at 11<sup>00</sup> o'clock A. M.

Jon R. Arpa  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 7 day of June, 2004,

at 4:32 o'clock P. M.

Janice K. Brewer  
Secretary of State

H.B. 2396